July 12, 2007

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Testimony before the U.S.-China Economic and Security Review Commission
China's Proliferation and the Impact of Trade Policy on Defense Industries
in the United States and China

The focus of my remarks is on the proliferation policies and practices of the People's Republic of China. I will not describe these in detail, as I understand that the administration witnesses on the first panel will already have done so. As a general characterization, China has moved over the last 15-20 years to bring those policies and practices into closer alignment with international norms and U.S. preferences. But some important gaps remain and U.S. officials have registered concerns about:

- aspects of China's trade in proliferation sensitive dual-use materials and technologies;
- its lack of participation in the Proliferation Security Initiative and other ad hoc coordinating mechanisms;
- and its failure to fully support U.S. strategies vis-à-vis specific countries of proliferation concern.

What explains these gaps? Why does China not do a better job on nonproliferation? How can its future performance be improved?

My insights into these matters derive from a decade of interaction with experts in the Chinese think tank community at conferences, seminars, and other gatherings in China, the United States, and elsewhere. Some of those experts are from the academic world but others are a part of the PRC government, including uniformed military personnel. Their views are not necessarily fully reflective of the thinking of senior decision-makers in the Party, military, or state institutions. But they provide useful insights into the context in which Chinese policy is made. Reported below are their ideas as best I understand them. In reporting their views, I am not endorsing them. Where a conclusion or opinion of my own is expressed, please understand that these are my personal views that should not be attributed to my employer or any of its sponsors.

The gap between U.S. expectations and Chinese performance in the nonproliferation realm has two primary explanations:

1. China does not see the proliferation problem in quite the same way as the United States.
2. It sometimes prefers solutions to proliferation problems different from those of the United States.

An obvious result is that China's expert community assesses China's nonproliferation performance more positively than does the U.S. expert community. Understanding these different perceptions can help to bring into focus opportunities to continue to narrow the gap. I will address each of these points in turn.

First, China and the United States have overlapping but not identical views of the problem posed by the proliferation of weapons of mass destruction.

For the Bush administration, the acquisition of WMD by rogue states and non-state actors is *a fundamental challenge* to U.S. security and to international order more generally. The "crossroads of tyranny and technology" poses a threat to U.S. security of sufficient magnitude to warrant the full use of U.S. power to confront "gathering threats," including the preemptive use of military means to remove those threats when other means have failed. The "crossroads" also poses a threat to international order of sufficient magnitude to warrant an unprecedented level of cooperation among the major power based on common interests and common responsibilities. Proliferation is thus a test of other stakeholders in international order in terms of their willingness to accept and exercise power to defend order. These core concepts are well articulated in the administration's National Security Strategy and National Strategy to Combat WMD.

The People's Republic of China takes a different view of the international security environment. To be sure, proliferation has steadily grown in salience in China's views of its security environment, as recent Defense White Papers attest. Over the last decade or so, there has been a broadening and deepening of Chinese consensus around the proposition that the proliferation of nuclear weapons is harmful to China's security and to its interests in stability in the Middle East and elsewhere. There is also a rising willingness to exercise Chinese responsibilities as a stakeholder in international order to inhibit proliferation and deal with problems of non-compliance with the nuclear Non-Proliferation Treaty.

But proliferation is not THE central problem for China in the way that the Bush administration perceives it to be for the United States. For China, the central challenge is the United States—the only foreign actor with the potential to make or break China's quest for peace, development, stability, and power. Will the United States be partner or spoiler in this quest? Will it be (in Chinese eyes) a careful steward of common interests in peace in the Taiwan strait or a witting or unwitting partner of Taipei's in precipitating war? China's experts are deeply ambivalent about a U.S. dominated world order, which both serves China's interests in stability but also threatens to contain China's power. They prefer instead the emergence of a more multipolar order. This ambivalence makes it difficult for China to fully join the Bush administration in the aggressive use of all means at its disposal to confront challenges at "the crossroads of tyranny and technology." Some Chinese experts argue that cooperation with the United States on nonproliferation should be more far-reaching because it pleases Washington and thus contributes to a friendly, steady hand on China policy there. Other Chinese experts argue that such cooperation only extends American hegemony and the "unipolar moment" and thus works against China's long-term interests. A few even argue that some continued

proliferation in regions not neighboring China helps to keep the United States focused on those areas rather than on China's rise.

Their debate is influenced significantly by a broad skepticism in China about the durability of the U.S. commitment to nonproliferation. Many Chinese experts see China as moving closer to the nonproliferation regime just as the United States moves away. A few, especially cynical observers even worry about a U.S. ruse to trick China into not helping its friends acquire nuclear weapons at the same time that the United States quietly encircles China with new nuclear-armed allies. In defense of their claim that the U.S. commitment to nonproliferation is weakening, they argue that:

- The Bush administration undertook a series of initiatives in 2000 and 2001 to loosen arms control restraints and to undermine multilateral processes aimed at strengthening existing multilateral mechanisms.
- The 2002 Nuclear Posture Review signaled U.S. intent to abandon its Article VI commitment under the nuclear Non-Proliferation Treaty and to increase its reliance on nuclear weapons while also lowering the nuclear threshold.
- Counterproliferation has gained the upper hand over nonproliferation in terms of the time, attention, and focus of senior U.S. policymakers. Bush administration officials have spoken about the likely collapse of the nonproliferation regime.
- The United States continues to assist its friends and allies to acquire nuclear weapons or to increase their nuclear potential. Around China's periphery, these conspicuously include India and Japan.
- The United States has been unreceptive to PRC initiatives to reduce the risks of strategic military competition, including its proposals for a bilateral agreement on no-first-use of nuclear weapons and for a multilateral agreement banning the weaponization of outer space. Indeed, they argue, the Bush administration writes openly about dissuading Chinese competition by maintaining supremacy and increasing its freedom of strategic maneuver.

[To repeat: these are Chinese arguments about U.S. policies, not mine.]

In sum, China and the United States have different perceptions of the proliferation problem and of the ways in which nonproliferation can contribute to the achievement of national objectives. But these differences have not precluded a significant convergence of policies and practices over the last two decades.

The second primary explanation for the continued gap between China and the United States on proliferation is that the two countries sometimes prefer different solutions to specific proliferation problems.

Even where the two countries can agree on the need to tackle a specific proliferation problem, as for example in instances of noncompliance with the NPT as confirmed by the International Atomic Energy Agency, the two often differ on the means of doing so. The United States approaches its responsibilities as a security guarantor with a sense of purpose born of decades of worry about nuclear war and a century of worry about "tin-

pot dictators" emboldened by military prowess. It seeks solutions to problems of treaty noncompliance that are prompt and definitive. China approaches its responsibilities as a permanent member of the United Nations Security Council from a different historical experience. As a country with a deep and abiding grievance against the injustices done it by major powers willing to intervene in its internal affairs, China has a strong antipathy to interference in the affairs of another state and to the use of force, or threatened use of force, to compel a sovereign entity toward some externally imposed purpose. Thus it is hardly surprising that China's expert community is generally skeptical of the effectiveness of coercion by major powers, whether political, economic, or military. Those experts tend to see the United States as overly reliant on coercive policy tools and as unwilling to work with political tools of persuasion. They see the former as unpromising of success and the latter much more certain of success over time. Those experts also perceive the United States as overly eager to act in response to intelligence that it won't share with others and that is sometimes unreliable.

These perceptions translate into an unwillingness to sign up uncritically to country-specific strategies crafted in Washington. On North Korea, for example, Chinese experts have generally seen the time as not ripe for exercising China's influence in a bid to end the nuclear program there, on the argument that neither Pyongyang nor Washington is ready for such a final deal. On Iran, China has generally taken the European and Russian view that more can be done within the nonproliferation regime to bring Iran into full compliance with its treaty obligations. But even on these two cases it sometimes seems that policy disagreements overshadow the significant convergence of policy that has occurred.

In sum, even where the two can agree on a problem, they don't always agree on the solution.

Drawing China's policies and practices more closely to U.S. preferences would be easier if there were a significant constituency in China arguing that China's behaviors are falling well short of what is required. But few in China make this argument, and not simply because criticizing their government can be costly. China's experts generally see China's nonproliferation policies and practices as very well aligned with China's international obligations. They hold up the development of institutional capacity over the last decade, in the form of a regulatory system supported by an interagency process, as testament to China's commitment to police its behaviors and ensure its compliance with its self-accepted treaty obligations. [The development of that capacity deserves U.S. recognition and praise.] China's experts acknowledge that Chinese policies and practices sometimes fall short of U.S. preferences even when they meet China's international obligations. They emphasize this distinction between international obligations and U.S. preferences and argue that most if not all of the U.S. complaints about Chinese nonproliferation policies and practices stem from China's reluctance to meet U.S. demands that exceed China's treaty obligations. Of course they then ask why China should be held to standards written unilaterally in Washington and not to China's own self-accepted obligations.

For example, the United States has been disappointed by China's reluctance to formally participate in activities such as the Proliferation Security Initiative and the Missile Technology Control Regime. As a general matter, Chinese experts oppose "coalitions of the willing" because they perceive them as unhelpful—in Chinese eyes, they slow the development of a multipolar system and undermine the legitimacy of standing multilateral institutions.

The Bush administration has also been disappointed with China's lack of enthusiasm for the proposed U.S.-India nuclear agreement. China's position reflects a long-standing concern about U.S. nonproliferation policies that they perceive as providing special nuclear benefits to U.S. friends outside of the treaty regime. Chinese experts criticize what they perceive to be a double-standard in U.S. nonproliferation policy. On the one hand, U.S. adversaries are treated to tough U.S. policies, sustained coercion, and even preventive war. On the other hand, U.S. friends get a helping hand to develop their nuclear potential—think of Israel, India, and Japan, they argue. Chinese experts ask if America will only be happy with China's nonproliferation performance when China has fully signed up to support these double standards.

China's experts generally see no reason other than deference to the United States to join in special American projects that fall outside the internationally-defined regime. This deference comes hard when many of those experts see the United States as unwilling to reciprocate with deference of its own to some important Chinese interests.

This brings us to the final question: what more can be done to narrow the gap between U.S. expectations and Chinese performance in the nonproliferation realm?

Some of the barriers to improved Chinese performance derive from misperceptions of U.S. policies and intentions. The U.S. expert community has tried to dispel those misperceptions but there is no substitute for a serious effort by U.S. officials to understand Chinese perceptions and to dialogue about them in a way that creates mutual understanding.

But some of the barriers to improved Chinese performance derive from complaints about U.S. policy that are held by other stakeholders in international order with a commitment to nonproliferation. It is conceivable that more can be done to persuade skeptics of the utility of coalitions of the willing and of exceptional policies for exceptional situations. But it is also conceivable that something can be learned from this criticism that can inform continued U.S. policy development in a way that enhances the prospects for success in dealing with proliferation over the longer term.

To deal effectively with Chinese misperceptions and criticisms, it is important to understand them. This requires dialogue. From this outsider's perspective, it appears that the process of communicating between the two countries on proliferation has been a largely one-way flow of U.S. complaints, demands, and threats. It has also been episodic. But dialogue is a two-way street. And it must be sustained if its value is to be cumulative. Secretary of Defense Donald Rumsfeld went to China in autumn 2005 in

part to persuade China of the virtues of greater transparency and came back to praise the virtues of "mutual demystification." A process of articulating and exploring the different perceptions and underlying beliefs that guide policy choice in each capital may help to narrow gaps in valuable ways. Continuing progress in bringing China's nonproliferation policies and practices into alignment with U.S. preferences seems to require a closer convergence of:

- perceptions of the security environment;
- beliefs about the potential for deeper China-U.S. cooperation to influence that environment in ways that serve the interests of both;
- expectations about the long-term viability of nonproliferation; and
- thinking about how carrots and sticks can best be employed in multilateral efforts to deal with current and emerging problems of treaty non-compliance.

Such an agenda seems well aligned with the objectives of an administration committed to strategic dialogue with Beijing and desirous of enhancing China's contributions to international order as a "responsible stakeholder."